

STATE OF MONTANA

REQUEST NO. 269-77

FISCAL NOTE

Form BD-15

In compliance with a written request received January 27, 19 77, there is hereby submitted a Fiscal Note for House Bill 526 pursuant to Chapter 53, Laws of Montana, 1965 - Thirty-Ninth Legislative Assembly.

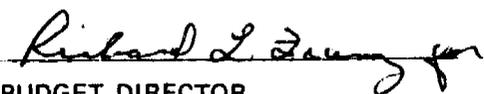
Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

House Bill 526 is an act to require the Board of Land Commissioners to lease state lands to the highest bidder except when the Department can substantially prove that to do so would cause damage to the tract or impair its long-term productivity.

FISCAL IMPACT:

The proposed legislation will have no fiscal impact on the Department since it merely clarifies present policy.



BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-2-77

Approved by Committee
on Agriculture Livestock
& Irrigation

HOUSE BILL NO. 526

INTRODUCED BY LIEN, BERTELSEN, HARRINGTON, BENGTSON

A BILL FOR AN ACT ENTITLED: "AN ACT TO REQUIRE THE BOARD OF LAND COMMISSIONERS TO LEASE STATE LAND TO THE HIGHEST BIDDER EXCEPT UNDER CERTAIN CONDITIONS; AMENDING SECTION 81-405, R.C.M. 1947."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 81-405, R.C.M. 1947, is amended to read as follows:

"81-405. Renewal leases -- preference right of lessee -- exceptions. (1) A lessee of state land classed as agricultural, grazing, town lot or city lot, who has paid all rentals due from him to the state, and who has not violated the terms of his lease, is entitled to have his lease renewed for a five (5) or ten (10) year period at the rental rate provided by law for the renewal period, and subject to any other conditions at the time of the renewal imposed by law as terms of the lease at any time within thirty (30) days prior to its expiration if no other applications for lease of the land have been received thirty (30) days prior to the expiration of his lease. If other applications have been received, the holder of the lease has the preference right to lease the land covered by his former

lease by meeting the highest bid made by any other applicant. Applications for lease of lands in this section shall be given preference in the order of their receipt at the office of the department.

~~(2) The board shall grant a lease to the highest bidder unless the department substantiably proves that to do so would cause damage to the tract or impair its long-term productivity, if the board does not grant the lease to the highest bidder, it shall issue its reasons for not doing so in writing. ACCEPT THE HIGHEST BID, IF THE LESSEE EXERCISES THE PREFERENCE RIGHT AND BELIEVES THE BID TO BE EXCESSIVE, HE MAY REQUEST AN ADMINISTRATIVE HEARING. THE BOARD MAY, AFTER THE HEARING, REDUCE THE RENTAL FROM THE AMOUNT BID IF THE LESSEE SHOWS THAT THE BID IS NOT IN THE BEST INTEREST OF THE STATE BECAUSE IT IS ABOVE COMMUNITY STANDARDS FOR A LEASE OF SUCH LAND AND WOULD CAUSE DAMAGE TO THE TRACT OR IMPAIR ITS LONG-TERM PRODUCTIVITY. IF THE BOARD REDUCES THE BID, IT SHALL SET FORTH ITS FINDINGS AND CONCLUSIONS IN WRITING AND SO INFORM THE LESSEE AND COMPETITIVE BIDDER.~~

~~(3) WHEN THE DEPARTMENT RECEIVES AN APPLICATION TO LEASE AN UNLEASED TRACT, IT SHALL ADVERTISE FOR BIDS ON THE TRACT. THE TRACT SHALL BE LEASED TO THE HIGHEST BIDDER UNLESS THE BOARD DETERMINES THAT THE BID IS NOT IN THE STATE'S BEST INTEREST FOR THE REASONS SET FORTH IN SUBSECTION (2). IF THE HIGH BID IS REJECTED, THE BOARD SHALL~~

1 SET FORTH THE REASONS FOR THE REJECTION IN WRITING. THE
2 LEASE SHALL THEN BE ISSUED, AT A RENTAL TO BE DETERMINED BY
3 THE BOARD, TO THE FIRST WILLING BIDDER WHOSE NAME IS
4 SELECTED THROUGH A RANDOM SELECTION PROCESS FROM ALL BIDDERS
5 ON THE TRACT.

6 ~~(2)(3)(4)~~ Notwithstanding the foregoing provisions, the
7 board may withdraw any agricultural or grazing land from
8 further leasing for such period as the board determines to
9 be in the best interest of the state. Bids for leases and
10 applications for renewals of leases of state agricultural
11 lands or state grazing lands shall be in writing and sealed
12 and shall be submitted to the board at the office of the
13 department.*

-End-

HOUSE BILL NO. 526

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lease by meeting the highest bid made by any other applicant. Applications for lease of lands in this section shall be given preference in the order of their receipt at the office of the department.

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6 ~~(2)(3)(4)~~ Notwithstanding the foregoing provisions, the
7 board may withdraw any agricultural or grazing land from
8 further leasing for such period as the board determines to
9 be in the best interest of the state. Bids for leases and
10 applications for renewals of leases of state agricultural
11 lands or state grazing lands shall be in writing and sealed
12 and shall be submitted to the board at the office of the
13 department."

-End-

March 17, 1977

SENATE
COMMITTEE OF THE WHOLE

That House Bill No. 526 be amended as follows:

1. Amend page 3, section 1, line 3.
Following: "FIRST"
Strike: "WILLING"
Following: "BIDDER"
Insert: "willing to pay the board determined rental"

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1 FURTH ITS FINDINGS AND CONCLUSIONS IN WRITING AND SO INFORM
 2 THE LESSEE AND COMPETITIVE BIDDER. IT IS THE DUTY OF THE
 3 BOARD TO SECURE THE BEST LESSEES POSSIBLE, SO THAT THE STATE
 4 MAY RECEIVE THE MAXIMUM RETURN POSSIBLE WITH THE LEAST
 5 INJURY OCCURRING TO THE LAND.

6 (3) WHEN THE DEPARTMENT RECEIVES AN APPLICATION TO
 7 LEASE AN UNLEASED TRACT, IT SHALL ADVERTISE FOR BIDS ON THE
 8 TRACT. THE TRACT SHALL BE LEASED TO THE HIGHEST BIDDER
 9 UNLESS THE BOARD DETERMINES THAT THE BID IS NOT IN THE
 10 STATE'S BEST INTEREST FOR THE REASONS SET FORTH IN
 11 SUBSECTION (2). IF THE HIGH BID IS REJECTED, THE BOARD SHALL
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 13 LEASE SHALL THEN BE ISSUED, AT A RENTAL TO BE DETERMINED BY
 14 THE BOARD, TO THE FIRST WILLING BIDDER WILLING TO PAY THE
 15 BOARD DETERMINED RENTAL WHOSE NAME IS SELECTED THROUGH A
 16 RANDOM SELECTION PROCESS FROM ALL BIDDERS ON THE TRACT.

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 18 the board may withdraw any agricultural or grazing land from
 19 further leasing for such period as the board determines to
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 21 applications for renewals of leases of state agricultural
 22 lands or state grazing lands shall be in writing and sealed
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-end-